regular budget. These include, with regard to changes in the remuneration of the Professional and higher categories of staff, (a) increases in the base/floor salary scale, restructuring of the scale and scaling forward of post adjustment indices; (b) treatment of pension contribution in place-to-place and time-to-time adjustments of the post adjustment indices; and (c) out-of-area component for group I duty stations. As regards staff in the General Service and other locally recruited categories of staff, implications are provided in respect of surveys of best prevailing conditions of employment in New York, Geneva and Rome.

3. The Advisory Committee notes from paragraphs 6 and 9 of the Secretary-General's statement that in order to restore the ratio of the net remuneration of United Nations staff to 115 per cent of the net remuneration of the United States federal civil service in Washington, the Commission has recommended to the General Assembly (a) an adjustment in the current base/floor salary scale of the United Nations common system, reflecting an increase of 3.089 per cent, with effect from 1 March 1996, and (b) an increase of 5.1 per cent in post adjustment indices at all duty stations, as of 1 July 1996. Adjustments in the base/salary scale of the United Nations common system are designed to parallel those of the comparator. Accordingly, the 3.089 per cent increase in the United Nations base/floor salary scale follows, with a 15-month time-lag, a 3.22 per cent increase in the comparator's gross salaries (i.e., before taxes) in 1995 (at Washington).

4. As indicated in paragraph 249 of the report of ICSC, the combined effect of the ICSC proposals would bring the United Nations/United States net remuneration margin to around the mid-point of 115 for the year 1996 by application of net remuneration increases which would approximate between 9 and 10 per cent on a weighted average basis. Annex X of the Commission's report provides the proposed restructured net base salary scale for the Professional and higher categories; annex XII explains the application of the scale-forward method of adjusting net remuneration levels. As the method operates on post adjustment indices, rather than on base salaries, allowances linked to the base/floor salary scale (i.e., mobility, hardship, separation and hazard pay) are unaffected by the adjustment. The Committee notes from paragraph 4 of the Secretary-General's statement (A/C.5/50/24 and Corr.1) that ICSC will review the mobility and hardship scheme in 1996.

5. The Committee recommends that the Secretary-General include, in the next presentation of the administrative and financial implications of the recommendations of ICSC, a complete explanation and justification of the methodology used to calculate numbers of staff and percentages applicable to the United Nations.

6. Upon request, the Committee was provided with tabulations of the financial implications of the ICSC proposals contained in its report (see the annex to the present report). The Committee notes that, at the present time, the United Nations has approximately 4,950 Professional and higher categories of staff (27 per cent of 18,650 common system Professional and higher categories of staff). Of these, 3,410 or 69 per cent are charged to the regular budget and 1,810 to extrabudgetary funds. The Committee notes from paragraphs 6, 10 and 25 of the Secretary-General's statement (A/C.5/50/24 and Corr.1) that the costs to

the United Nations regular budget of the increase in the base/floor salary scale and scale forward of the post adjustment indices for the Professional and higher categories of staff amount to $47.5 million ($18.2 million in 1996 and $29.3 million in 1997). This comprises an increase of $24.8 million in the base/floor salary ($10.6 million in 1996 and $14.2 million in 1997) and $22.7 million of the scale forward of the post adjustment ($7.6 million in 1996 and $15.1 million in 1997).

7. With respect to the 1,810 extrabudgetary staff of the United Nations, the Committee was informed that the financial implications amount to $21.4 million ($8.2 million in 1996 and $13.2 million in 1997). This comprises an increase of $11.2 million in the base/floor salary ($4.8 million in 1996 and $6.4 million in 1997) and $10.2 million of the scale forward of the post adjustment ($3.4 million in 1996 and $6.8 million in 1997).

8. Upon inquiry, the Committee was provided with information on the cost to the United Nations in 1996-1997 of the increase in the post adjustment authorized by ICSC, with effect from 1 November 1995. The costs of this action, which is not part of the ICSC recommendations currently before the General Assembly, total $15.6 million under the expenditure sections and under Income section 3 of the proposed programme budget for the biennium 1996-1997. It was indicated that, for New York, the increase in the post adjustment of 6.47 per cent has been partially anticipated by the rate of projected inflation applied to the proposed programme budget for the biennium 1996-1997. Costs to the extrabudgetary component of the United Nations budget are estimated at $7.4 million.

9. For the reasons explained in paragraphs 271 to 274 of the report of ICSC and as indicated in paragraphs 11 and 12 of the Secretary-General's statement, the introduction in 1990 of a revised procedure for handling the pension component of the post adjustment index, had inadvertently resulted in a systematic understatement of the post adjustment indices for all duty stations, which affected the real income of the staff. In order to correct the situation, the Commission decided that, with effect from the next adjustment of the global scale of pensionable remuneration for staff in the Professional and higher categories, actual pension contributions in time-to-time adjustments of the post adjustment index should be used.

10. As indicated in paragraph 12 of the Secretary-General's statement, ICSC concluded that some savings had accrued to Member States since 1990 (approximately $4 million per year), as a result of the underestimation of the post adjustment indices mentioned above. The Advisory Committee notes from paragraph 25 of the Secretary-General's statement that the costs to the United Nations regular budget are estimated to be $425,000 in 1995, $2.7 million in 1996 and $670,700 in 1997. The extrabudgetary costs are estimated to be $203,271 in 1995, $1.2 million in 1996 and $301,300 in 1997.

11. With the objective of stabilizing take-home pay in local currency in certain duty stations, the Commission has decided to introduce, with effect from 1 November 1995, a procedure whereby actual out-of-area weights rather than the existing 10 per cent band system will be used in calculations of indices of post adjustment for all group I duty stations 2/ (i.e., in duty stations that are

located in western European countries, the United States of America, Canada, Japan, Hong Kong, the Republic of Korea, Australia and French Guiana). In paragraph 14 of his statement, the Secretary-General estimates that as a result, savings of approximately $931,500 in 1996 and $1.9 million in 1997 will accrue to Member States.

12. The Committee notes that with regard to the financial implications of surveys of best prevailing conditions of employment in New York, Geneva and Rome, savings will accrue to the regular budget of approximately $10.4 million ($5.2 million in 1996 and $5.2 million in 1997).

Notes

1/ Official Records of the General Assembly, Fiftieth Session, Supplement No. 30 (A/50/30).

2/ Ibid., para. 294.

ANNEX

Financial implications of the ICSC report

Basic data

Number of staff in the Professional and higher categories

	Common system			United Nations	
	Regular budget	Extrabudgetary	Total	Regular budget	Extrabudgetary
Headquarters	6 640	2 270	8 910	3 410	1 540
	(74%)	(26%)	(100%)		
Field	3 880	5 860	9 740		
Total	10 520	8 130	18 650		
	(56%)	(44%)	(100%)		

Average emoluments: $82,144 (average base salary, D rate + average post adjustment + one child allowance)
(standard costs N.Y.)

Average pensionable remuneration: $87,980
(PA 43.2)

Value of index point at P-4/VI: $541
(1%)

United Nations has 4,950 out of 18,650 common system Professional staff (27%): of these 4,950 staff, 3,410 (69%) are charged to the regular budget.

Professional salaries

ICSC estimated $157.4 million per annum for total common system costs, broken down as follows:

		In thousands of dollars
(a)	Base/floor scale	
(i)	Remuneration increase	73 800
(ii)	Mobility and hardship allowance	1 881
(iii)	Countries with multiplier less than 3.0	33
(iv)	Separation payments scale	402
(v)	Hazard pay	211
(b)	Post adjustment scale forward by 5.1 per cent	81 100
	Total	157 427

In 1996, (a) would be implemented as of 1 March and (b) as of 1 July 1996: the estimated financial implications would be less: $103.6 million.

United Nations has 27 per cent of common system Professional staff, therefore 1996 financial implication is 27 per cent of $103.6 million = $28.0 million: of this 69 per cent is charged to the regular budget = $19.3 million.

For 1997, 27 per cent of $157.4 million = $42.5 million, of which 69 per cent for regular budget is $29.3 million.

Base/floor salary scale

ICSC estimated $76.3 million per annum - for 1996 base/floor alone = $57 million. 27 per cent x $57 million = $15.4 million, x 69 per cent for regular budget = $10.6 million. For 1997, 27 per cent x $76.3 million = $20.6 million, x 69 per cent for regular budget = $14.2 million.

Cost for duty stations with a post adjustment multiplier less than 3.1 estimated by ICSC at $33,000 for 1996: for United Nations regular budget, cost per multiplier point is $541: two countries involved: Swaziland p.a. 2.3 (now revised 1 November to 0.0 - 1 United Nations staff member) and Tajikistan 2.0 (no United Nations staff). No cost to United Nations regular budget.

Impact on mobility and hardship matrix estimated by ICSC at $1,881,000 a year: for United Nations, 27 per cent = $507,870, of which regular budget = $350,430 (XB = $157,440). 1996: regular budget = $262,820.

3.1 per cent increase in separation scale estimated by ICSC at $402,000: 1996 = $301,500: for United Nations = $81,405, for regular budget = $56,170. 1997 United Nations = $108,540 of which regular budget = $74,890.

Hazard pay estimated by ICSC at $211,000: for United Nations = $56,970, of which regular budget = $39,310 in 1997: for 1996, regular budget = $29,480.

Remuneration increase component impact on United Nations regular budget 1996 = $10,251,530: total for all other elements is $348,470. 1997 remuneration = $13,735,370: other elements = $464,630.

Staff assessment of P-4/VI, 1 July 1995 = $22,442. Effective 1 March 1996, staff assessment = $23,120. Difference = $678 a year or $56.50 a month. 10 months in 1996 = $565.

Post adjustment scale forward of 5.1 per cent in July 1996 to cost $40,550,000. United Nations 27 per cent = $10,949,000, of which 69 per cent regular budget is $7,555,000. Full year is $15.1 million.

Pension contributions/post adjustment indices

ICSC estimates $17 million for 14 months: 1 November 1995-31 December 1996. One month = $1,214,300: 1995 common system is $2,428,570. For United Nations, 27 per cent is $655,714: of which regular budget, 69 per cent, is $452,443. 1996 common system cost is $14,571,600: for United Nations, 27 per cent is $3,934,330, of which regular budget is $2,714,700. Annual cost 1997 common system ICSC estimates at $3.6 million: for United Nations, total cost is $972,000, of which regular budget is $670,700.

Out-of-area/group I duty stations

Savings for 1996 estimated by ICSC at $5 million, and $10 million a year thereafter. For United Nations, 1996 total is $1.4 million, of which regular budget is $931,500. For 1997, regular budget is $1.9 million savings.

General service salary surveys

(a) New York

(i) Additional expenditures

	Total $	Other $	United Nations $
General Service (UN, 2,400 staff) 1.13% increase (Jan. 1995)	1 552 667	661 610	891 057
Public Information Assistants (UN, 22 staff) 1.13% increase (Jan. 1995)	7 458		7 458
Language Teachers (UN, 17 staff) 0.15% increase (Jan. 1995)	10 940		10 940
Total additional expenditures	1 571 065	661 610	909 455

(ii) Reduced expenditures

The following figures are reduced expenditures which resulted from the non-implementation of the 2.45 per cent cost-of-living adjustment which was due with effect from 1 September 1994 and a further adjustment of approximately 2.5 per cent which has been projected for 1995.

	Reduced expenditures $
Trades and crafts (UN, 268 staff)	
Implementation of 1.4 per cent increase (September 1994) vs. 2.45 per cent	(95 000)
Non-implementation of 1995 cost-of-living adjustment	(290 000)
Security service (UN, 244 staff) (Survey resulted in negative 4.3 per cent)	
Non-implementation of 2.45 per cent in September 1994	(274 000)
Non-implementation of 1995 cost-of-living adjustment	(285 000)
Total projected reduction of expenditures	(944 000)

(iii) Additional expenditures regarding revised allowances

Dependent spouse allowance

The allowance has increased by $804; the revised rate is equivalent to $3,038 and the 1993 rate was equivalent to $2,234.

Currently, 3,418 staff members are in receipt of such allowance. Therefore, the Organization's additional expenditures regarding such allowance is equivalent to $2.7 million; the United Nations share is equivalent to $1.21 million.

Child allowance

The allowance increased by $5; the revised allowance is $1,181, and the previous rate was equivalent to $1,176.

Currently, 3,228 staff members are in receipt of such allowance. The additional expenditures regarding such allowance are equivalent to $16,000; the United Nations share is equivalent to $7,170.

(iv) Summary financial implications for New York

	United Nations	Total
Salaries	909 455	1 571 065
Spouse allowance	1 210 000	2 700 000
Child allowance	7 170	16 000
	2 126 625	4 287 065
Reduction of expenditures	(944 000)	(944 000)
Balance	1 182 625	3 343 065

(b) Rome

Additional expenditures

The survey of best prevailing conditions of employment for Rome resulted in a 1.4 per cent increase, which contributed to an increase in expenditures of approximately $3,940,000. The share in additional expenditures for the United Nations is approximately $23,400.

2,356 GS staff: 3,940,000

14 UN GS staff: 23,413

(c) Geneva

The survey of best prevailing conditions of employment for Geneva indicated that United Nations salaries were overall 7.4 per cent higher than those for the retained comparators. The Under-Secretary-General/Department of Administration and Management instructed that the scale be implemented with effect from 1 September 1995 for staff recruited after 31 August 1995. Staff recruited prior to 1 September 1995 will continue to be paid on the basis of the previous scale (i.e., 7.4 per cent higher) until overtaken by movement in the cost of living.

The effect of that decision resulted in a reduction of expenditures of approximately $5.6 million for the United Nations system at Geneva, since the reduced 7.4 per cent scales were only implemented for staff recruited after 1 September 1995; the share for the United Nations alone is approximately $1.5 million for 1995.

The above calculations are based on the mid-point of the General Service scale (G-4/VI), using a total of 4,717 locally recruited staff (all agencies), out of which 1,278 are United Nations locally recruited staff. The figures apply the latest rate of exchange of 1.15 Swiss francs per 1 United States dollar.